DOCUMENT RESUME

ED 307 210 SO 020 008

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TITLE Economic Choices. Political Decisions That Affect You. Teacher's Guide.
INSTITUTION Close Up Foundation, Arlington, VA.
PUB DATE 87
NOTE 24p.; For related document, see SO 020 007.
AVAILABLE FROM Close Up Foundation, 1235 Jefferson Davis Highway, Arlington, VA 22202 ($8.00).
PUB TYPE Guides - Classroom Use - Guides (For Teachers) (052)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS Class Activities; *Economic Factors; Economics; *Economics Education; *Financial Policy; Futures (of Society); *Government Role; Instructional Materials; Lesson Plans; Secondary Education; Social Studies; Social Values; Teaching Guides; Worksheets
IDENTIFIERS Economic Awareness; *Economic Concepts

ABSTRACT

This teacher's guide to an educational unit on economic choices provides motivators, terms and concepts to know, lesson objectives, student activities, student worksheets, and evaluation criteria. One activity requires students to research their family's economic history and answer questions such as: (1) "Do any family members belong to a union?"; (2) "When did women in your family first enter the workforce?"; and (3) "How did the Arab oil embargo afffect your family?" Another activity divides the class into groups which then must develop suggestions for solving economic problems such as high unemployment, rapid inflation, and a decrease in the value of the U.S. dollar. In another activity, students analyze the 1987 federal budget, decide which items they feel are the most important, compare their ideas with those of their parents, and report on their responses. Finally, an activity that focuses on the future requires students to assess the impact of today's economy on the future and describe what life will be like when they are 65 years old. (GEA)

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Economic Choices

Political Decisions That Affect You

Teacher's Guide

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Economic Choices

Political Decisions That Affect You

Teacher's Guide

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Close Up Foundation
1235 Jefferson Davis Highway
Arlington, Virginia 22202

Single copy: $8

Motivators

1. Ask students to read "Introduction: Why Should You Be Interested in the Government's Economic Decisions?" As they read, have them jot down answers to the question posed in the title. Later, have students share their answers in class discussion. Encourage them to voice their fears or preconceived notions about studying economics and the reasons for their fears. If you wish, ask this question again at the conclusion of the unit. How have students' opinions changed?

2. Ask students to examine the illustration, "A Shirt Tale: How Your Economic Choices Affect the Global Economy," on pages 6-7, or project a copy of the chart using an overhead transparency. Have students think about how their spending habits affect the American economy.

As homework, ask students to look around their home that night, noting the different nations from which goods were imported. The next day, have them report to the class on some of the economic choices they and their families have made.

Now, pose these questions:

- How do their choices affect the U.S. economy?

- Should U.S. consumers buy American-made products even if a foreign product is cheaper or of better quality?

- Are they willing to pay higher prices to keep U.S. companies operating?

3. To get students thinking about their own economic values, give them a copy of the student worksheet, "My Economic Values." Lead a class discussion on the students' responses to the questionnaire.

Student Worksheet

My Economic Values

1. A decent standard of living includes _____.
2. I'd like the government to provide me with _____.
3. To pay less taxes, I'd be willing to do without _____.
4. The quality of my life depends on _____.
5. I want to save money for _____.
6. I consider myself a "spender" when it comes to _____.
7. I need _____.
8. I want _____.
9. I'm willing to work for _____.
10. To me, economic choices are _____.

Chapter 1
Government's Role in the Economy

Terms and Concepts to Know

capitalism
communism
demand
Democratic Socialism
developing nations
distribution of wealth
economic efficiency
economic equity
economic freedom
economic growth
economic security
economic stability
Great Society
industrialized nations
inflation
John Maynard Keynes
laissez-faire
monopoly
New Deal
productivity
Reaganomics
resources
scarcity
standard of living
supply
supply-side economics
unemployment

Objectives

1. To increase familiarity with basic economic terms and concepts.

2. To recognize the complexity of economic issues.

3. To examine the effects of government action in the U.S. economy.

4. To understand the relationship between a nation's social and political values and its economic goals.

5. To relate the experience of individual families to the economic history of the United States.

6. To explain how the U.S. government's role in the economy has changed in the past century.

Activities

1. Chapter 1 states that "all nations try to balance three basic economic problems--unemployment, inflation, and productivity." Using the student worksheet, "Government's Involvement in the Economy," have students speculate on how governments try to solve these economic problems.

After students have read the chapter, ask them to complete the worksheet. Lead a class discussion on the relative merits of each solution.

- Which of these methods have been tried before? Did they succeed or fail?

- Are any being implemented now?

- Is there more than one approach to each problem that might be effective?

The worksheet could also be modified to help students weigh the merits of Keynesian and supply-side economics, or to compare how capitalist, socialist, and communist governments would try to solve these basic economic problems.

Student Worksheet

Government's Involvement in the Economy

Economic Problems	Solutions	
	Government Involvement	No Government Involvement
Unemployment		
Inflation		
Productivity		

2. Make copies of figure 1.2, "National Economic Goals," on page 12 and cut the six blocks apart to make several sets of "Economic Goal Cards." Divide the class into groups of six, and distribute a set of cards to each group. Each group member is to pick a card and describe to the rest of the group what it would be like to live in a nation that had the goal on his card as its first economic priority. What would the advantages and disadvantages of such an economic system be? What social and political values would be exemplified by such a nation? Does such a nation currently exist?

Once all members have taken their turn, have students pair off within their group. The pairs are to speculate on how a nation might try to reach their two economic goals simultaneously. Is it possible to balance the two goals? Why or why not? Is it being tried anywhere in the world now?

Continue the activity with groups of three students. Then, see if students can imagine how one nation could achieve all six goals. Do students think it is possible to achieve all six goals at once? What influences a nation's decision to emphasize one economic goal over another? How does this change over time? Could there ever be an "economic utopia"?

3. Have students study the timeline, "Milestones in U.S. Economic History." Stress to students that memorization of dates is less important than a general understanding of the chronology of events.

Instruct students to collect as much of their family's economic history as possible. Items listed on the "Milestones" chart will give them ideas of what to look for as they interview parents, grandparents, and other relatives and search through scrapbooks, family files, and other memorabilia. Some questions to ask might include:

- When was the first social security card issued to someone in your family?

- Do any family members belong to a union? If so, which one?

- Have any family members belonged to a union in the past? If so, which one? When?

- Has anyone in your family been unemployed for an extended period of time? When? Why?

- How did your family weather the Great Depression?

- How much money did your parents and grandparents earn on their first job?

- When did women in your family enter the work force? What jobs did they hold?

- How much money did your parents and grandparents pay for their first car? Their first home?

- How much did a loaf of bread or a gallon of milk cost in different years?

- When was your family in greatest debt? When did they have the most savings?

- Did your family ever benefit from any Great Society programs? Which ones? When?

- How did the Arab oil embargo affect your family?

- What effect did President Ronald Reagan taking office have on your family's economic situation?

Once students have assembled this information, ask them to make their own timeline, based on their family's economic history. When finished, students should have an interesting piece of family history to share with family members and to save as a keepsake. Encourage students to share some of the more interesting aspects of their family history uncovered during their research.

Evaluation

Have students write an essay that demonstrates their understanding of the importance of the government's role in the economy. The essay should include at least one paragraph on each of the following topics:

- The federal government's current role in the U.S. economy.

- The role of the federal government in the economy in at least one other period in U.S. history.

- The effect of U.S. government actions on at least one other nation's economy.

Throughout the essay, students should keep in mind the relationship between political and economic events. Grade essays on the quality of the writing and research.

Chapter 2
How Government Affects the Economy

Terms and Concepts to Know

capital
comparative advantage
consumer spending
discount rate
"easy money"
exports
Federal Reserve System
fiscal policy
free market
government bonds
imports
interdependence
interest rate
Keynesian economics
monetary policy
money
money supply
prosperity
protectionism
quotas
recession
reserve requirement
supply-side economics
tariffs
tax
"tight money"
trade barriers
trade deficit
trade policy

Objectives

1. To define the major policies and tools the federal government uses to influence economic conditions.

2. To identify current economic issues that affect our daily lives.

3. To analyze the merits of a variety of solutions to our nation's economic problems, and to propose alternative solutions.

4. To research the effects of monetary policy on different segments of the population, and to speculate on the short- and long-term effects of such policies.

5. To understand the differences between two major economic theories and how actual economic conditions affect the implementation of policies based on these theories.

Activities

1. As students read chapter 2, have them answer the following questions about each of the three economic policies: monetary, fiscal, and trade.

- What is the purpose of this policy?
- Who determines this policy?
- What tools are available to government to carry out this policy?

- How can this policy contribute to economic growth or stability?
- What are some of the possible consequences of this policy?

Have students answer the questions on their own, then work in pairs to check their answers. In class discussion, ask students to identify those questions about which there was some dispute with their partner. Can students think of reasons why our government might use these policies today?

Now, ask students to find articles from newspapers and magazines that illustrate current government uses of these policies. With their partners, have them identify the economic problem or condition and the "treatment" being used. Create a classroom display or bulletin board with these materials.

2. Divide the class into groups of four or five students. Have each group select one of the following economic problems.

- high unemployment
- rapid inflation
- sluggish economy
- increase in number of people below the poverty level
- decrease in value of U.S. dollar
- increase in trade deficit

Using the information students collected in the previous activity, have each group come up with suggestions on how they would solve their economic problem. Each group should present to the rest of the class a brief outline of their plan as well as an analysis of the potential problems their solutions might create. During the presentations, students are to fill in the first two columns of the following chart:

Economic Problem	Proposed Solutions	Personal Opinion and Proposed Solution

As homework, ask students to complete the third column of the chart, critiquing solutions proposed by their classmates. If they think the solution would be effective, they should state why. If they think the solution would be ineffective, they are to present an alternative proposal and tell why they think it is better than the one presented in class. If you wish, use these worksheets as a springboard for class discussion or as a student evaluation tool.

3. To maintain overall economic stability, the federal government usually attempts to create a balance between an "easy money" policy

and a "tight money" policy. Before you begin this activity, ask student volunteers to define these terms on the board to make sure all students understand their meaning.

Assume the president has convened an advisory committee to study the feasibility of instituting a "tight money" policy to keep inflation under control. Divide students into groups of two or three. Each group is to choose one person from the list below and do research on how a "tight money" policy would affect that segment of the population. Advisory committee members might include:

- president of a housing construction company
- president of a local bank
- middle-class consumer
- unemployed worker
- farmer
- student needing a college loan

Modify this list to meet the needs and interests of your students. Have each group deliver a two-minute statement on how this policy will affect their population group. After students have delivered their statements, allow time for the class to question committee members. Discuss the pros and cons brought out in the "testimonies."

Finally, ask students to vote secretly on the advisability of a "tight money" policy. Count the students' votes, and announce the class total. Lead a discussion in which you analyze the short- and long-term effects of the class's decision.

Evaluation

1. Ask students to write a two-part essay in which they: (1) describe in writing how both Keynesian and supply-side economics should in theory work to stimulate economic growth at a desirable rate; and (2) analyze one theory in greater detail, using the final section of the chapter, "Monetary, Fiscal, and Trade Policies: Powerful but Imperfect Tools," as a springboard. In the second part of the essay, have students introduce the flaws of the system. Why doesn't economic theory always work as planned? What can be done to assure that proposed solutions are successful?

Grade the the first part of the essay on how well students demonstrate their knowledge of the two theories. Grade the second part on the logic of their analysis and how well they incorporate economic concepts into their answer.

Chapter 3
American Values and Economic Policy

Terms and Concepts to Know

deficit spending
domestic policy
entitlement programs
foreign policy
interest groups
national defense
national security
Office of Management and Budget (OMB)
social values

Objectives

1. To become aware of the underlying social and political values of economic decisions.

2. To identify the major players in the budget process, their power and the limits of that power.

3. To understand the role Congress plays in the budget process.

4. To compare students' spending priorities for the federal government with those of their parents, and to speculate on how their own priorities may change over time.

5. To analyze the social, political, and economic values of government programs, and to decide which programs should or should not be funded.

6. To describe the ideal society, and to analyze the role that government would play in that society.

Activities

1. For homework, ask students to read and complete the student worksheet, "The Making of the Federal Budget." They should bring their worksheet to class for a discussion of the budget process. What conflicts can they anticipate arising among the different players? How does Congress "bring it all together"? As students review pages 50-53, make a list on the blackboard of the role of Congress. Why are budget decisions ultimately a compromise among competing players? In their opinion, is that a desirable or an undesirable consequence of our budgeting process?

Student Worksheet

The Making of the Federal Budget

Major Players in the Federal Budget Process	Responsibilities and Powers	Limitations
The President		
Federal Agencies		
Interest Groups		
General Public		
Congress		

2. Ask students to prepare a list of items in the proposed federal budget for fiscal year 1987 (Figure 3.1 on page 45) without any dollar amounts. Have them ask their parents to indicate (with a plus sign) which five items they believe should be the government's top spending priorities and which five items (indicated with a minus sign) should be the government's lowest spending priorities. Meanwhile, students should complete the same task independently.

Once all the lists are completed, students should compare and contrast their responses with those of their parents. Ask them to write a two-page report analyzing the responses. Some questions to be addressed in the report include:

- On which items do students agree with their parents? On which do they disagree? Can students speculate on the reasons for the disparity?

- Do students feel their responses will be different twenty or thirty years from now? If so, why?

- Can students identify any underlying social, political, and economic values emerging from this analysis?

- How do students feel about paying taxes even though they may not agree with the government's spending priorities? How do their parents feel about this?

3. Provide the class with the following list of federal budget items:

- weapons, planes, ships, tanks, trucks
- intelligence operations
- foreign aid
- space program
- national parks
- student loans
- Medicare
- food stamps
- unemployment compensation
- government salary increases

Have each student choose one of these items and analyze it using the student worksheet, "A Framework for Examining Federal Spending." (Make sure that all ten items are picked.) Now, have students who have selected the same budget item convene in small groups. Do they all agree that the item should be funded? If not, ask them to present their defenses and reach a group consensus on whether to fund the budget item. Then, have each group delegate a spokesperson to explain to the entire class why they feel the federal government should or should not fund this item.

After all the presentations have been made, tell students that only seven of the ten budget items can actually be funded this year. Ask each student to submit a list of the three items they would cut and a brief rationale explaining their decision. Tally up the votes and report the findings to the class. Were the final cuts a surprise to the class? Why or why not? What does this experience tell them about the federal budget process?

Student Worksheet

A Framework for Examining Federal Spending

Budget Item:

National Benefits:

Local Benefits:

Values (social, political, and economic):

Funding Approved: ___ Yes ___No

Evaluation

Have students answer the question posed in the last section of chapter 3, "Can America Afford American Values?" Their answer should consist of three parts.

- A description of the kind of society in which they want to live.

- A commentary on their expectations of government. What role would government play in the the society you described?

- Do you think it is possible to balance our nation's social, political, and economic values? Why or why not?

Grade papers on organization, content, and writing style.

Chapter 4
Today's Choices, Tomorrow's Legacies

Terms and Concepts to Know

displaced workers
economic growth
foreign competition
global economy
industrial base
interdependence
national industrial policy
productivity
Rust Belt
service economy
Sun Belt
tax base
urban renewal
worker retraining

Objectives

1. To describe economic processes in the United States, and to diagram these processes at work.

2. To examine the concept of global interdependence.

3. To discuss the advantages and disadvantages of economic growth.

4. To project what life in America will be like when they are senior citizens, based on current social, political, and economic trends.

5. To formulate a prescription for the nation's economic health, focusing on current policy choices and national identity.

Activities

1. To help students understand the economic concepts discussed in chapter 4, have them create a flowchart based on the following processes:

- How the domino effect affects the U.S. economy;
- How the U.S. budget deficit affects trade; and
- How economic conditions in the United States affect the global economy.

Encourage students to be imaginative in their renderings. Post the flowcharts around the room so that students may see each other's work. Discuss how these three processes interrelate.

2. Have students read the James Fallows quote at the beginning of chapter 4. Ask them to write a short essay on what they think the quote means. Compare their interpretations in class discussion. What do they think Fallows means in his last statement? What does economic growth mean in human terms? Is economic growth always desirable?

3. The title of this chapter, "Today's Choices, Tomorrow's Legacies," suggests that our current economic decisions will determine what type of world we live in tomorrow. To help students speculate on what life will be like in the future, have them write an essay in which they describe what life will be like when they are sixty-five years old. Essays should focus on economic conditions of the times, but they need not be limited exclusively to that. Some questions students might consider include:

- Do you own your own home?
- Do you own a car? Is it American made?
- Are you receiving social security benefits? If so, are they adequate to meet your needs?
- Are supermarkets stocked with as many goods as they have today?
- What type of health care system is available to you?
- Can your grandchildren afford to go to college? Do they need student loans?
- Does poverty still exist in the United States?
- What is the unemployment rate?
- In what condition are the nation's cities?
- What types of jobs are advertised in the classified ads of your local newspaper?

Of course, not all these questions need be addressed, and students can incorporate other items of interest into their essays. Stress to students that their essays, while fictional, should be based on projections of present-day economic trends.

Evaluation

"The choices we make today will have far-reaching effects, not only on the economic health of the nation, but also on our national identity." Have students keep this quote in mind as they write a prescription for our nation's economic health. What conditions are

necessary for America to have continued economic growth? Is this realistic? If we cannot sustain our prosperity, how will America's self-image be affected?

Evaluate student essays on the basis of clarity of thought and presentation.

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